

## Grab Holdings Limited at NASDAQ 46th Investor Conference - June 14, 2022

### Corporate Speakers:

- Peter Oey; Grab Holdings; CFO

### Participants:

- Jeff Thomas; Nasdaq; Chief Commercial Officer
- Unidentified Participant; Unknown; Unknown

### Presentation

Jeff Thomas: All right, everybody. We'll get started now with our fireside chat with Peter Oey, CFO of Grab.

Peter Oey: Thank you.

Jeff Thomas: I'm Jeff Thomas, chief commercial officer at Nasdaq. Pleased to be here with you.

### Q&A

Jeff Thomas: All right, Peter. Let's just kick off and tell us a little bit about the Grab story --

Peter Oey: Sure.

Jeff Thomas: What was the idea for the company. And for those who are here who don't know, could you explain the concept of a superapp?

Peter Oey: Sure, will do, yes. So, thank you again for inviting me and hosting us today. So, for those who're not familiar with Grab, we actually just turned 10 years old. We had a celebration a few weeks ago. And when we started the business was really solving for safety. And the business started in Malaysia.

And if you can imagine 10 years ago, catching a taxi in some countries was very dangerous. So, our founder - co-founders actually started the business out of Harvard Business School. And when they went back to

Malaysia, they started basically a taxi hailing app. And what it has evolved to today is a superapp, which means that we have multiple services all in one app. And what those services entail is ride hailing. So, we have the biggest infrastructure for ride hailing in Southeast Asia. We're in 480 cities. We have over 5 million registered drivers on our platform.

We also have deliveries. So, we do all sorts of deliveries, basically anything you can think of, whether it's cooked food or uncooked food, so all your traditional food deliveries as well as grocery deliveries. We also do last mile parcel deliveries. We also have over 50 kitchens, cloud kitchens in Southeast Asia.

And we also do financial services, so electronic payments, as well as we do microlending to our drivers and our merchants, along with our digital banks. And we also have a fourth segment of our business, which is advertising and enterprise. So, lots of products and services, but the beauty of the superapp, it's only one app and the consumer does not need to toggle between different various apps.

And we also have apps for -- superapps for our drivers because they also toggle between all the different services. And we also have a superapp for our merchants also for them to run their business.

Jeff Thomas: So, you said 480 cities. So, let's talk a little about Southeast Asia. How many countries is that?

Peter Oey: Well, there are many countries in Southeast Asia. We operate in eight of those countries. So, from south as Indonesia and north as Cambodia, Vietnam and Myanmar. And Southeast Asia is quite unique actually. We're going through a digital transformation in Southeast Asia. If you look at the size of Southeast Asia, it's twice the population of the U. S., roughly about 660 million. Half of the population are under the age of 30.

Mobile phone is basically the hardware -- where one of the highest penetration for mobile phones. So, the generation basically skipped PCs altogether and went straight to mobile phones. This is where I think the superapp works really nicely for us because it's the all in one place and mobile phone is the default and the go to for most Southeast Asia.

And I would characterize Southeast Asia is about five years behind where China was -- well, is today. And so, there's still a lot of opportunities in Southeast Asia, especially as the economy is transforming from cash to non-cash. There's a huge transformation now between people moving to electronic payments in Southeast Asia as well as just people starting to use a lot of digital services throughout all the different cities.

Jeff Thomas: Fantastic. Let's switch over to financials a little bit.

Peter Oey: Sure.

Jeff Thomas: So, obviously, a big topic these days in the market is growth versus profitability. In Q1, you were able to increase not only your GMV but also your unit economics and your margins. So, how do you balance that going forward to drive both growth of revenue as well as profits?

Peter Oey: Sure. Yes. So, we recently went public. We went public two quarters ago. And with the way we look at growth and profitability actually is, we balance both. Both are equally as important to us. On the growth piece, just given all those things I just mentioned, there is such a huge opportunity in Southeast Asia.

If you look at the penetration rate for mobility today, it's still 3%. If you look at the penetration of grocery delivery, it's 1%. You look at food delivery, it's still in early teens. If you look at the -- in terms of people accessing financial services, 6 out of 10 in Southeast Asia do not have access to a bank account or do not have access to financial services products. So, there's a huge opportunity for us to serve just in Southeast Asia today.

So, we're going to continue to grow, but we won't grow at all costs. We're also going to grow in a sustainable way and also making sure that we are having the right user base on our platform. We have roughly today 31 million monthly transacting users that are transacting on our app platform today. We're one of the most downloaded apps in Southeast Asia. So, what -- we want to grow very cautiously and also in a very disciplined manner.

In terms of profitability, unit economics, it's been a very key focus for us as a management team for over the last 12 months. And there's -- we are -- mobility business is already profitable. We have margins of roughly 10% on our mobility business as a percentage of GMV. And our delivery business also is on its way to breaking even. We have a goal that we will break even by the end of next year for our total deliveries business. So, we are consistently making margin improvements on a quarter-on-quarter basis to balance both that growth and profitability.

Jeff Thomas: Let's go through each of the segments kind of one by one and talk about the [trends] there. So, first, mobility, so that the government seems to be kind of loosening the regulations, obviously, took a hit during the pandemic.

Peter Oey: Right.

Jeff Thomas: Talk about how you see that recovering. And then I would say an important topic is how do you encourage drivers to sign up and participate?

Peter Oey: Sure. So, Southeast Asia went through a very rough period last year with COVID. In the third quarter of last year, the whole Southeast Asia where Delta was roaming around Southeast Asia, most countries went into severe dark lockdowns. Those are very severe. So, Vietnam, for example, went dark for about two and half months. So, there was no access to public transit -- there was no access to transport. There was no access to food. So, everything was done by the government, for example. So, it was that severe in Southeast Asia.

What we have seen in the last, I would say, two to three months is the borders have been starting to open up in Southeast Asia and a lot more travel is starting to happen in Southeast Asia. So, in terms of mobility, we're actually seeing a very nice bounce back in Southeast Asia. We're -- roughly, we still have a long way to go.

At the end of the Q1, our GMV as a percentage of GMV versus pre-COVID levels, we're still in the 57% mark. So, we still have a ways to go in terms of getting back to pre-COVID levels. But what's been encouraging is from February to April, for example, our GMV for mobility has grown 32%. So, it is moving very nicely.

Now, the other side of that is drivers. We do need more drivers on our platform because the demand is so strong today that we need to also make sure the drivers are coming back onto our platform because it was disruptive last year. A lot of my drivers went back to their hometowns. A lot of drivers also went back to their other occupations.

Some actually left the industry. So, we are working actively to get drivers back on our platform. We've added roughly 220,000 drivers since the tail end of the third quarter after the first quarter of this year and we are working hard to get that equilibrium between demand and supply. But we are very encouraged in terms of what we're seeing today in terms of mobility.

Jeff Thomas: So, let's shift now to delivery. So, as much of a hit mobility took, deliveries, of course, probably saw a huge spike --

Peter Oey: Right. Yes.

Jeff Thomas: -- as it was lockdown. So, talk to us about how the business is doing now and how do you see that transitioning post-COVID?

Peter Oey: Sure. Yes. So, our deliveries business actually is quite interesting. It's only 3 years old, 3.5 years old now. And we came in actually as a late entrance into the game itself. When we acquired Uber's business in Southeast Asia in the middle of 2018, it really gave us the platform to expand our deliveries business in Southeast Asia.

And what we've seen throughout this pandemic is just a major shift in consumer behavior in terms of getting on demand delivery just entirely for Southeast Asia, and we're one of the great beneficiaries of that when it comes to food delivery. In the first quarter, we posted 50% year-over-year growth when it comes to our deliveries business.

Our monthly transacting users, for example, was up 26% year-over-year. And our average spent per -- on our food delivery also is up about 15% year-over-year. So, consumers are just continuing to adopt that new convenience they never had before in Southeast Asia. So, we're seeing -- and in a bit, this trend continues on also. We've been really encouraged just to see deliveries is continuing to go from strength to strength.

Now, the other side of deliveries where we have done a lot of investment also is in terms of grocery delivery. The grocery delivery in Southeast Asia is still very young. We're one of the early players in terms of getting grocery into the household and this really came out of COVID and the demand is here.

If you look our 80% of users that's on our supermarket or Grab Mart delivery platform, came from food delivery. So, it's a natural transition from them to go across through grocery delivery. And we see a lot of opportunities there also. So, overall, just between grocery delivery, between just our food delivery, we see a lot of opportunities here for Southeast Asia to continue to grow our deliveries business.

Jeff Thomas: And kind of the same question on the -- as to mobility. But as you try to grow the deliveries, how much of a chance is getting a new merchants, the restaurants, the grocery stores, and the food vendors? Is that -- how do you think about that side of the equation?

Peter Oey: Yes. Again, COVID really accelerated a lot of the digital adoption by a lot of our merchants. Actually, last year, we were frantically making sure that merchants -- these are little restaurants or even chain restaurants -- able to survive. We work very closely with a lot of the QSRs throughout Southeast Asia.

We have a big partnership with Starbucks, for example. We -- today, we do all Starbucks deliveries. We also have our payment system within Starbucks all integrated. Our reward system is integrated with Starbucks in Southeast Asia. We work very close with McDonald's. An example, in Singapore, we deliver all McDonald's to our user base. Your walk into a McDonald's store and Grab Pay is there. You can order throughout our app also.

So, those are the key integrations that we have to really innovate in Southeast Asia to bring -- to make sure merchants can survive during those Southeast Asian pandemic because the lockdowns were very severe in Southeast Asia and the governments were very strict in making sure that there was no movement in the street. People couldn't -- have stayed home, et cetera. So, we have to work very hard with merchants to make sure that they were able to survive.

And as part of that, we brought hundreds of thousands of merchants into our platform last year to make sure that, one, it was just the right thing to do to keep them to survive. The second thing also was it able them also just to expand their business but also help us to develop more our ecosystem between merchants and consumers also.

Yes. The beauty of our platform is that because our driver supply is so fungible that makes our proposition very unique. Unlike other of our peers where there are -- they only to delivery, our drivers today can toggle between transport -- between ride hailing and also delivery -- all sorts of deliveries. So, that also helps in making sure our marketplace continues to be very buoyant and also very healthy. So, a lot of merchants have really benefited from effectively during this transition from where they were offline to online and we were able to help them through our app.

Jeff Thomas: That's awesome. Now, let's talk about the third piece, which you refer to as enterprise. And so, that incorporates you're advertising, your mapping.

Peter Oey: Correct.

Jeff Thomas: Tell us a little bit about some of that -- those businesses as well as some of your new initiatives.

Peter Oey: Sure. Those two things that Jeff just mentioned, advertising and mapping, are really -- we call the our emerging segments of our products and services, and those really came out of pure necessity for our internal business. Actually merchants came to us saying, hey, is there a way that we can advertise on your platform because you just have such a huge funnel. You're the most downloadable app when it comes to deliveries and mobility in Southeast Asia. How do we have a lot of eyeballs on your app? How are we able to actually advertise on your app?

And that's what we really started about two years ago in introducing advertising on our platform today. We still have a ways to go when it comes to advertising. Our advertising business grew 95% year-over-Year. We actually increased our merchant base seven times year-over-year also. We're continuing to fine tune our advertising platform, continuing] investments through our advertising platform, and we see an opportunity to really support our merchant but also improve the unit economics of our business just given the margin profile of advertising is different to the traditional food delivery business.

On the mapping, which is a fairly new product -- I would say not new. We've actually introduced mapping about a month ago actually to the world. In Southeast Asia, because the roads are just so -- there's all these little streets and it's messy, it's complex, we found that third party maps -- were just not able to map the entire of Southeast Asia.

So, we made an effort about two, three years ago to actually map Southeast Asia. And we're today seven out of the eight 8 countries are powered by our own -- very own mapping service, and that was all done through crowdsourcing. So, we actually make use of our drivers today also. We have -- we have millions of drivers that's roaming around, all the different countries, all the different cities, and we've actually asked them for map as well also -- as well as reward them for it.

So, what we have now is our own proprietary mapping service. And really, the idea was just to improve services through a lower app costs and also improve ETAs, improve safety, improve throughput, and we've done that this time. So, we haven't -- so we're continuing to evolve that mapping service, but really it's a very early days for both advertising as well as our mapping service.

Jeff Thomas: Okay. Monetise some of the unique data.

Peter Oey: Of course, yes, definitely for sure.

Jeff Thomas: Well, before we move to financial services, which is I think one of the more interesting part your business, I do want to hear a little bit about the competition that you face in Southeast Asia. You mention you acquired Uber's business a few years ago. What's the competitive landscape now?

Peter Oey: Yes. Southeast Asia has always been very competitive, without a doubt. The -- although it is intense, we've been very fortunate to be the leader in every single market that we're in today. We have market share of over 70% when it comes to mobility in Southeast Asia. And also when it comes to food delivery, we're the number one player in all the countries that we operate in today. We have that majority of the market share there.

Now, despite all those very intense competition, we're also mindful that we've got also improved unit economics of our business today. So, we are very adamant and also very laser focused on making sure that the unit economics of our -- both the mobility and our delivery business continues to improve quarter-on-quarter.

And competition also in Southeast Asia, we've seen probably in the last two quarters a more rationalized set of behaviors from a lot of our peers today, which is great to see. And we're going through I would say at some point of time also just more a lot of peers, a need probably just to rationalize and dial back the level of intensity spent that they're doing in the marketplace today. But we've been very fortunate to be that number one and leaders -- taking the leadership position for many, many years now.

Jeff Thomas: Fantastic. And that leadership position, obviously, makes you the largest player. And so, that's probably one of the reasons why financial services become so -- such an interesting part of your business. So, walk us through --

Peter Oey: Yes.

Jeff Thomas: -- your offerings in that space.



Peter Oey: Sure. The -- if you would look at the business strategy of Grab today, it's really an ecosystem play. And the way we think about when we introduce new products and services is, how do we benefit the ecosystem that we've created in Southeast Asia. So, the ecosystem within our drivers, the ecosystem with our merchants and also with our consumers because we are a superapp, which means that there is a lifetime value play in all our consumer base today.

So, when we introduce financial services, it was really to increase engagement, to really increase also just retention and also just the spend per user also. If you look at Southeast Asia today, we really compete with cash, right? Even today, if you take a ride in certain kinds of cities today, you pay cash. This is the norm in Southeast Asia. You order food, you get food delivered to your house, you pay cash.

People don't have credit cards in Southeast Asia. Credit cards are not very prevalent in Southeast Asia. So, what we've developed in financial services is how do you enable digitization versus cash in Southeast Asia. So, we could use GrabPay. So, GrabPay think of it like an Apple pay. It's on your phone. You go to any store. You can actually pay digitally. You have your e-wallet with you.

And all our GrabPay is actually all available in all the countries and the cities that we operate in today. And that has improved the level of engagement. Our spent per user is up 4.5 times, our engagement is up 3 times, our retention is also up because of that ubiquity of the GrabPay services.

We introduced micro lending to our drivers, to merchants. We know that our drivers and merchants need working capital. So, we've introduced microlending to our drives and merchants. We've done that. We're going to stimulate the ecosystem. And we'll be launching our first digital bank in Singapore. We were one of the two, three banks that were awarded licenses to operate in Singapore itself.

We were awarded a license in Malaysia a few months back. And we also have banks in Indonesia. And there's a digital bank again to improve and enhance that ecosystem that we've created. So, we're really excited actually in financial services because there's just so much opportunity. When you think about 6 in 10 in Southeast Asia, they are unbanked or underbanked. They're underserved. This is a massive opportunity that we're really embarking on.

Jeff Thomas: And so, clearly, it's going to help drive a lot of aspects to your business. Can you talk a little bit about the margins of the financial services business? And how do you -- how are you going to look to improve those overtime?

Peter Oey: Sure. Yes. And again, it ties to lifetime value for us. The margin of our lending business, for example, is much more attractive when you compare it to our payments business because we see it more as a cross sell opportunity between all our different services today. We really -- are really pushing a lot of the cross selling between all the multiple services within our app itself.

So, also with banking, also the margins are higher, also just how banking operates our cost of funds would improve significantly also once the banks are up and running also. So, we're quite optimistic actually from a medium to long term, the margin profile of financial services business. And overall, just if you compare our business overall as we get to profitability.

Jeff Thomas: Okay. I do want to pause now and see if there's any questions from the audience. As a reminder, you can submit your questions to the site or app. So, we got that up here. Anybody have any questions before I continue? At the front?

Unidentified Participant: (Inaudible - microphone inaccessible). A quick one. Thank you very much. How many GrabPay card holders are there as a percentage of your total user base?

Peter Oey: Yes. So, our penetration rate is about 70% of our total TPV today is through our financial services products, including GrabPay.

Unidentified Participant: It seems like the development of the business has being quite intuitive as in you just kind of moved into areas as you go along things come along, let's do that, let's do that. If you think five years ahead, where do you think the core businesses will be then?

Peter Oey: Yes. We're very focused on those four segments of our business today. So, if you look at mobility is the backbone of a business today, the -- we've created the biggest driver infrastructure in Southeast Asia today. And the more services that we've added to other forms of deliveries will just leverage those infrastructures.

We've also created one of the biggest financial services infrastructure when it comes to payments or lending. Because all those things require licenses to operate in Southeast Asia. So, we're going to continue to focus on all those things because it's really an ecosystem play for us. We're not into e-commerce, one example. We're going to continue to make sure that there is an omnichannel play between offline and online, and we really want to bring a lot more merchants into our platform today.

When you think of it, we've got roughly about over 2 million merchants on the platform today using grab services on the supply side, on the market place, and there are over 17 million merchants in Southeast Asia. Those are formal SMEs today, small businesses. I mean, there's probably a lot more, which is at -- on the informal side of the house. So, there's still a massive opportunity there for us.

Jeff Thomas: Any other question from the audience? Great. We'll do a couple more here for you.

Peter Oey: Sure.

Jeff Thomas: So, let's talk about the regulatory landscape. Can you give us an update on how you're seeing that evolve in Southeast Asia and how that might be different than in the U. S. or in Europe?

Peter Oey: Yes. It is very different actually the way governments and regulation just work in Southeast Asia, very different to China, very different to U.S. and even Europe itself. When you think about 70% of Southeast Asia workforce come from the informal side of the house, right? So, they're not -- there -- a lot of that about drivers actually who come to our platform were previously unemployed or previously on an informal economy.

So, when we approach governments in Southeast Asia, it's more from a nation building perspective. And also governments in Southeast Asia are very focused today in transforming digital -- transforming their countries into the digital infrastructure. So, we work actually in partnerships with a lot of governments.

When I mentioned about bringing all those merchants last year during COVID into our platform, those were in partnerships with governments actually. And we did a -- we do a lot of work hand-in-hand with governments. When the governments during COVID wanted to distribute some subsidies to the population, they came to us, can we use your GrabPay? We have no way of distributing money to the population. So, they came to us, and said, hey, can we use your GrabPay in order -- because we just had a big penetration for us to be able to distribute funds into the hands of the population.

So, those are the types of activities that we do. We took a very different approach, a very partnership approach, a very much nation building approach and so with that. That has given us, obviously, a lot of ability for us to expand the business and also just continuing to add more services with the government's help.

Jeff Thomas: Okay. Anything else from the audience? Yes.

Unidentified Participant: Just speak a little bit to the competitive environment in Southeast Asia and where do you see sort of like how do you see taking out in the next sort of like 5 to 10 years.

Peter Oey: Sure. Yes. In terms of regional players, I would say where there is -- there is one of the peer of ours, which is a regional player, when it comes to food delivery itself. And when it comes to mobility, really we compete with taxis, the traditional taxis, as well as mass public transport effectively. In Indonesia, the market is slightly more concentrated and there are multiple -- there is a player that does multiple services in Indonesia there itself.

So, I would say from a superapp concept perspective and superapp product, we're probably quite unique and that we're a regional player itself. But having said that, the level of competition is intense like I mentioned before. And I think what we're seeing in the last six months is more rationalization in the marketplace and you're starting to see people exiting from certain countries and also people starting to dial down a lot of the marketing spend also as there is the push to unit economics is needed, which is a good thing.

Now, I think, over some time probably a lot more of this will happen I would say, other people pulling out of certain countries. Perhaps there'll be some consolidation on some part over time. But the market is starting to become more constructive, I would say, compared to say even a year ago.

Jeff Thomas: Okay. Any final questions from the audience? Awesome. Well, Peter, we're so proud to open the markets with you from Southeast Asia, from Singapore --

Peter Oey: Thank you.

Jeff Thomas: -- when you went public last year. We're looking forward to celebrating one year anniversary and congrats on the 10 years of growth so far and looking forward to the next 10.

Peter Oey: Great. Thank you. Thanks for all the questions.

Jeff Thomas: Thanks, Peter.

Peter Oey: Thank you, everyone.